*257. *[The questioners (Shri Pramod Mahajan and Shri Lai K. Advani) were absent. For answer,* vide *cols.* 43-44 infra}

*258. *[The questioners (Shri K. Gopalan and Shri V. Gopalsamy) were absent. For answer,* vide *cols.* 44—46 infra.]

*259. *[The questioner (Sriri Sharad Yadav) was absent. For answer,* vide *col.* 46—48 infra.]

*260. *[The questioner (Shri R. Samba-siva Rao) was absent. For answer,* vide *cols.* 48 infra.]

MR. CHAIRMAN: Under the rules I have to go through the list all over again.

*242. *[The questioner (Shri Suresh Pachouri) was absent. For answer,* vide *cofs.* 36-37 infra.]

*245. *[The questioner (Shrimati Ratan Kumari) was absent. For answer,* vide *cols,* 37-38 infra.]

*246. *[The questioner (Shrimati Surya-kania Jayawantrao Patil) was absent. For answer,* vide *cols.* 38—40 infra.]

*248. *[The questioners (Shri T. R. ' Balu and Shri V. Vopalsamy) were absent. For answer,* vide *cols.* 39-40 infra.]

Reducing the cost *of* production in public Sector undertakings

"251. SHRI PARVATHANENI UP-'ENDRA; Will 'the Minister of INDUSTRY he pleased to statei

(a) whether any .detailed exercises have been undertaken to cut doftm the cost of production in real terms in the Public Sector Undertakings;

whether the reasons for increased cost of production in the Public Sector Undertakings have been identified; and

(c I if so. what action has been taken by the Government in the matter?

THE MINISTER OF STATE IN THE DEPARTMENT OF PUBLIC ENTERPRISES IN THE' MINISTRY OF INDUSTRY (PROF. K. K. TEWARY): (a) to (c) A statement is laid on' the Table of the House.

Statement.

(a) Continuous efforts are being made to cut down the cost of production in real terms in Central public enterprises.

(b) The reasons vary from enterprise to enterprise. However, in general, some of the important reasons for increased cost of production in public sector undertakings are lower capacity utilisation due to various constraints; continuous escalations in the cost of inputs including impact of periodic wage revision; surplus labour; old plant and machinery and outdated technology especially in the case of sick taken-over enterprises, industrial relations problems, etc.

(c) The steps taken by Government include action in identified thrust areas relevant to the enterprises concerned, such as monitoring and periodic review of performance of the enterprises by (he administrative Ministries|Departments at high levels wiih special emphasis on productivity and capacity utilisation and vigorous follow-up action of decisions taken in such meetings, provision of captive power facilities wherever considered necessary, overall improvement in the infrastructural availability by substantial investment in infrastructural industries proposed under the ?th Five Year Plan, modernisation and Hon of plant and en 'net diversification, structural re-orga-capital restructuring, en-of workers participation in. tent etc. Further, Government have r'Jso emphasised the necessity to introduce cost control and value analysis i iblic enterprises. Due emphasis has also been given for research. and developmest activities, quality rol, material utilisation etc.

SHRI PARVATHANENI UPENDRA; Sir, the_ Miniter has not really mentioned in his statement the reasons for increased costs. Part (b) of the question is whether the reasons for the increased costs

bave been identified. I would like the Minister to elaborate on that.

PROF. K. *K.* TEWARY; Sir, it is apparent that the honourable Member has Dot had time to go through'the statement that has been laid on the Table of the House. Otherwise, Sir, he would have found all *the* reasons given there.

MR. CHAIRMAN: All right. You do not mind that. You give the de'ails now.

PROF. K. K. TEWARY: Sir, for the benefit of thj/ honourable Member and. the House, I would like to state that the , reasons which have led to an increase in *the* costs are like these; Firstly, lower • capacity utilization is the reason why costs . have increased. Secondly, the other factors which are responsible fo_r increase in the costs are continuous escalation in the cost of inputs including periodic wage revisions, surplus - labour especially in respect of sick taken-over enterprises, deficiencies in management sometimes, increase in the ncial burden on account of past losses especially in the case of continuously loss-making enterprises. These are the main reasons why the costs have increased.

MR. CHAIRMAN: Yes, Mr. Upendra, you put your second supplementary.

SHRI PARVATHANENI UPENDRA: Sir, these were there earlier, these long-standing instructions and decisions. But' because of the delay in implementing them, cost of production is going up. Therefore, I would like to know what they hp.ve done to reduce the delay in implementing all^hese decisions and guidelines.

PROF. K. K. TEWARY; Sir, cost re-duction is one of the major exercises that we have been doing in the public sector. For reducing (he costs, instructions have been issusd. There are two levels at which the exercise has been done. At the Government level, we have been issuing instructions to them and since 1966. instruc-"Mons have been going on. In recent years, during the last two years, at least six or seven instructions containing all the directives have gene and, Sir, in July 1986, I kad a meeting—there was a workshop on "Cost Reduction and Productivity"—where all the chief executives of th_e public sector enterprises participated and an action plan has already been worked out and, according to that, cost reduction exercises are being done and the guidelines are being implemented. *So* far as the public sector undertakings themselves are concerned, th_e steps that they have taken to.reduce the costs I will give now.

Sir, all these items included in the action plan we are vigorously monitoring and almost every month we have meetings with the chief executives and monitor the progress made by the concerned units in this area namely, cost reduction.

The second step taken by the units is provision of captive power facilities wherever considered necessary. Wherever power shortage is detected oris realised [we] give them facilities for having captive power facilities.

The third thing is overall improvement in the infrastructural sectoi. Sir, you know the infrastructural sector is very vital like petroleum, coa), energy, etc. During the Seventh Plan, the major investment is in the infrastructural sector <o that the infrastructural sector supports the public sector and the economy as a whole. Then, Sir, the other steps are modernisation and rehabilitation of eld and obsolete machinery and equipment. Along with these, Sir, we have also effected structural changes in the public sector enterprises, that is, some undertakings which [tf] were making continuous losses have been grouped together.

SHRI M. S. GURUPADASWAMY: May I know whether one of the reasons for malfunctioning of some public sector industries is that politics is playing a role in the location of indrj itical considerations, partisan considerations, sectional considerations, other than economic considerations in locating industries in wrong places? Has this come to his notice? If so, have any steps been taken at least in future for avoiding to locate industries in wrong places for political reasons, political compulsions? (b) May I know whether strict accountability and

performance has been introduced in the various industries which have already been set up, because these are the things which are there all along? So in spite of what you have said in the statement, you are losing.

SHRI J. VENGAL RAO: Lvvill take note of what the hon. Member has stated about this. Sir. The main reason is the power cut in almost all the States. We, are not in a position to utilize the full installed capacity. This is the position.

PROF. K. K. TEWARY: So far as the suspicion that politics has been interfering or perhaps impeding the functioning of the public sector.. .

MR. CHAIRMAN; The hon. Member mentioned about the wrong location been use of political reasons.

PROP; K. K. TEWARY: Our policy is .iiat we have been setting up public sector iiti areas which have been back-d. So it is with a view to providing some ?iippoit to the development activi-d ivelopment processes, in those areas, I of with a view to any political considei ntion.

sHRI M. S. GURUPADASWAMY: you denying that there is political consideration?

PROF. K. K, TEWARY; Ii is always d on techno-economic surveys and backward level of the region concerned.

SHRI CHITTA BASU: May I know whether one of the factors responsible for tHis is the lack of operational autonomy of the public sector management? If so, whaf steps have so far been taken? •

PROF. K. K. TEWARY; Sir, in re cent months—in fact the last two years

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. we have taken several steps to make the public sector autonomous and also fixed responsibility. Sir, we have earlier had the tenure of the Chief Executive for two year's. Now We have made it 5 years. And we have given full autonomy . *to* the Board level management, not only in terms of their tenure but also in terms of investment. Upto Rs. 20 crores investment the Board can decide. But we should remember that autonomy has to go with accountability, and in order to fix accountability we monitor the performance. Targets have been fixed. Action plans have been framed. Therefore, all these steps, I think, have already gone a long way as you can see in terms ot performance of the public sector.

SHRI N. E. BALARAM; The hon Minister has stated in his reply that there was a successful effort on the part of the Government to cut down the cost of production. But every year, and this year also, the coal price has been increased. On the basis of that the expenditure is more. So they are forced to increase the prices. There is a cont-radiction here. If there was a successful attempt on the part-- of the Government to cut down the prices...

MR. CHAIRMAN; Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

Shifting of LPG cyluier filling stattees

*242. SHRI SURESH PACHOURI: Will the Minister of PETROLEUM. ANB NATURAE GAS be pleased to state;

(a) whether there is any proposal ua-il i Government's consideration to shift the LPG cylinder, filing stations front their present sites in Delhi to some distant and safer places;

(b)' if so, the stage at which the said proposal stands at present; and

(c) by when a final decision is likely to be taken in the matter?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM ANT* NATURAL GAS AND THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BRAHM DUTT): (a) to (c) In order to enable shifting of the existing LPG bottling facilities from